

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 2627 – HB 2792**

February 17, 2010

**SUMMARY OF AMENDMENT (013912):** Adds new section to the bill that increases from \$3 to \$7.50 the fee to renew a permanent disabled parking placard.

**FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact - There will be a decrease in state revenue of approximately \$465,000 each year in FY10-11, FY11-12, and FY12-13. This decrease in revenue will continue beginning in FY15-16 and subsequent years at an average of \$279,000 per fiscal year. There will be a decrease in state expenditures of \$34,600 each year in FY10-11, FY11-12, and FY12-13. This decrease in expenditures will continue beginning in FY15-16 and subsequent years at an average of \$20,700 per fiscal year.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue – \$465,000/FY10-11 thru FY12-13**

**Increase State Revenue – \$697,500/FY13-14 and FY14-15**

**Decrease State Expenditures – \$34,600/ FY10-11 thru FY12-13**

**Other Fiscal Impact – The decrease in expenditures will continue beginning in FY15-16 and subsequent years at an average of \$20,700 per fiscal year. The net impact to state revenue over any five year period will be zero because the loss of revenue incurred during the first three years is offset by increases in the last two years.**

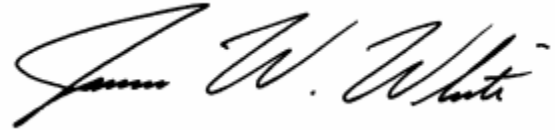
Assumptions applied to amendment:

- According to the Department of Revenue approximately 155,000 placards are issued each year.
- There will be no renewals in FY10-11 thorough FY12-13. Placards that were issued in FY08-09 and FY09-10 will be renewed in FY13-14 and FY14-15. In FY15-16 and subsequent years renewals will be issued to those initially issued placards in FY10-11 and subsequent years. There will be a large volume of renewals in FY18-19 and FY19-20 resulting from the large number of renewals in FY13-14 and FY14-15.
- The precise number of placard renewals each year cannot be reasonably estimated for FY15-16 and subsequent years.

- The number of permanent disabled parking placards issued each year will remain constant.
- The cost to the state of producing a parking placard is approximately \$0.223.
- There would be a decrease in state expenditures of approximately \$34,600 due to the reduction in the number of placards produced ( $\$0.223 \times 155,000$ ) each fiscal year in FY10-11, through FY12-13. This decrease in expenditures will continue beginning in FY15-16 and subsequent years at an average of \$20,700 per fiscal year.
- There will be a decrease in state revenue of approximately \$465,000 each year in FY10-11, through FY12-13 ( $\$3.00 \times 155,000$ ). As a result of the increase in the fee amount, there will be an increase in state revenue of \$697,500 ( $\$4.50 \times 155,000$ ) in FY13-14 and FY14-15.
- The net impact on state revenue over a five fiscal year period in which a disabled parking placard is valid will be zero. ( $\$465,000 \times 3 \text{ years} = \$1,395,000 = \$697,500 \times 2 \text{ years}$ ).

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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